UN

UNITED NATIONS

EP

Governing Council of the United Nations Environment Programme

Distr.
GENERAL

UNEP/GC.19/27
2 December 1996

ORIGINAL: ENGLISH

Nineteenth session
Nairobi, 27 January - 7 February 1997
Item 4 (b) of the provisional agenda*

POLICY ISSUES: EMERGING POLICY ISSUES

Globalization and the environment: Emerging issues on the environment and trade agenda

Report by the Executive Director

Summary

This is a progress report on work by UNEP in response to Governing Council decision 18/3 on globalization and the environment and, more specifically, to those aspects dealing with trade and environment. Since that decision, UNEP has continued to promote, from an environmental standpoint, mutually supportive trade and environment policies. In so doing, it has also taken into account the specific decisions of the Commission on Sustainable Development (CSD), at its third and fourth sessions, relating to trade, sustainable consumption and the financing of Agenda 21, when determining priorities and evolving the detailed activities of its work programme. There has been an ongoing process of consultation on a bilateral and multilateral basis with countries and the relevant international organizations. The strategies for achieving the objectives of the work programme have been highlighting and promoting mutually supportive environment and trade policies, agreements and practices through the analysis of the environmental impact of trade agreements and policies and vice versa; and through the facilitation of consensus-building and the promotion of positive measures to implement environmental policies (including multilateral environmental agreements), such as capacity-building, technology transfer and training and awareness activities.

* UNEP/GC.19/1.

Na.96-0889 141296 141296

/...

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to meetings and not to request additional copies.

In the past year, UNEP has produced a number of technical reports on trade and environment issues which have been distributed widely. UNEP has convened several meetings and workshops at all levels on various subjects, including multilateral environmental agreements and the multilateral trading system, forest policy, eco-labelling, and financial services and the environment. Developments in the area of environment, trade and sustainable development were reviewed at the High Level/Ministerial Round-table Meeting held at Geneva in October 1996.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Note with satisfaction the initiatives of Governments, United Nations and intergovernmental organizations, industry and business associations, non-governmental organizations in supporting and promoting a synergy between and the mutual supportiveness of trade polices and environmental protection;

2. Note with satisfaction the role the United Nations Environment Programme has played in clarifying the relationship and increasing the dialogue between the environment and trade communities and the capacity, especially of developing countries and countries with economies in transition, to participate actively in the debate;

3. Call upon Governments to continue to promote and support efforts to develop mutually supportive trade and environment policies, with particular attention to the needs and requirements of developing countries and countries with economies in transition; and

4. Call upon the Executive Director of the United Nations Environment Programme to:

(a) Continue to promote and support efforts to clarify and assess the environmental impacts of trade patterns and policies and vice versa;

(b) Continue to contribute to and support international efforts to promote a synergy between environment and trade objectives in policy development and implementation;

(c) Continue to contribute to international efforts to promote and facilitate environmentally responsible investments within the financial-services sector.

ACTIVITIES RELATED TO TRADE AND ENVIRONMENT

1. UNEP has, within the constraints imposed by the shortage of resources faced by the organization, made every effort to implement the work programme, including those activities which it was invited to undertake by CSD. Essentially, at its third and fourth sessions, CSD invited UNEP to continue its work on trade and environment, strengthening its cooperation with the United Nations Conference on Trade and Development (UNCTAD) and the other relevant organizations (third session of CSD), and in accordance with its mandate (fourth session of CSD). Specific reference was made to examining the effects of trade measures in multilateral environmental agreements on the attainment of environmental goals and on the trade and competitiveness of developing countries, and to considering ways in which positive measures could assist those countries.

2. These CSD recommendations, which are entirely consistent with the UNEP work programme, are being addressed by means of a project focusing on the economic impact of the Montreal Protocol, the Basel Convention and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), with particular reference to the developing countries and countries with economies in transition. This activity, which was able to begin only after earmarked funding had been received, is being carried out in collaboration with UNCTAD. The World Trade Organization (WTO) secretariat, the United Nations Development Programme (UNDP), CSD and the Organisation for Economic Cooperation and Development (OECD) secretariat have been invited to participate in the working group established to monitor and review progress. The activity will include case-studies on selected developing countries conducted by selected developing-country institutions. It will attempt to work out criteria for assessing the effectiveness of trade measures in multilateral environmental agreements. A second part of the study will review the existing and potential use of positive measures.

3. Furthermore, UNEP and UNCTAD were invited to develop a framework to facilitate the assessment of the environmental impact of trade policies, taking into account the special needs of developing countries and countries with economies in transition. This invitation is being responded to by the preparation of a series of case-studies, from which some general principles for the development of an assessment framework will be derived, and the execution of a project to assess the impact of changes in trading patterns (due to consumption-pattern changes) on developing countries and countries with economies in transition. UNCTAD, UNDP and CSD have been invited to participate in the working group to review and monitor progress. The study will be carried out through a partnership between UNEP and developing and developed-country institutions. It will focus on a range of commodities, manufactured products and services. It is expected that the activity will, in some measure, address the concern expressed by CSD at its third session regarding the manner in which changing consumption patterns will affect environmental, social and economic conditions in and among countries at all levels of development. At its fourth session, CSD also mentioned UNEP in connection with examining further how trade liberalization can result in environmental benefits and contribute to sustainable development. In this connection, UNEP is carrying out some case-studies in the fishing and forestry sectors.

4. The third specific reference by the third session of CSD, which was echoed again at its fourth session, consists of an invitation to UNEP and UNCTAD to "analyse how transparency and international cooperation could be strengthened with respect to product-specific policies, such as eco-labelling and packaging requirements". In response to this invitation, UNEP convened an additional meeting, at Helsinki in April 1996, of the Ad Hoc Expert Group on Eco-labelling. The meeting focused on issues related to transparency, equivalency and the mutual recognition of eco-labelling schemes. The participants included representatives of both developed and developing countries. Two technical reports on relevant subjects have also been prepared by UNEP. The consist of a publication promoting modalities for collaboration between consumer and supplier countries in respect of equivalency and mutual recognition and a report on "a comparative analysis of environmental criteria in selected eco-labelling schemes".

5. At its third session, CSD recognized the increase in private financial flows and their potential for financing sustainable development and, at its fourth session, CSD emphasized that UNEP should continue to disseminate its two statements on the banking and insurance services industries. In this context, UNEP has, by numerous methods, including holding sector and region-specific workshops, the development of a financial-services newsletter, research activities and the further efforts of its advisory groups, continued to promote the signature of and adherence to these statements, for the purpose of increasing environmental responsibility within the private financial-services sector. At the time of writing, the banking statement had 90 signatories and the insurance statement 61 signatories, including some of the largest companies and groups in the two sectors.

6. An important part of the UNEP work programme has been the promotion of a synergy between trade and environment policies, in the broader sense. This has entailed a number of activities, some of which are briefly described below.

7. A seminar on trade and environment was organized jointly with UNCTAD. This seminar was held on 7 May 1996, in conjunction with the ninth session of UNCTAD, in South Africa and the topics under discussion included multilateral environmental agreements, eco-labelling and capacity-building. The Seminar was attended by more than 50 participants and government representatives. The objective was to brief delegates to the ninth session of UNCTAD on activities and developments in those areas and to provide a forum for the exchange of ideas.

8. The High Level/Ministerial Round-table Meeting was held at Geneva on 30 September and 1 October 1996. The purpose of the meeting was to bring the environment and development perspective to the trade and environment debate. The meeting, which focused on multilateral environmental agreements, trade liberalization and market access, was attended by representatives from 43 countries, including countries in all geographical regions and at all levels of development, and resulted in a statement on the subject. A report of the meeting will be included in the UNEP report to the WTO Committee on Trade and Environment, in preparation for the WTO Ministerial Conference at Singapore in December 1996.

9. UNEP has organized a series of informal briefing sessions on trade and environment issues. The briefings were held at Geneva on 20 and 22 February, 25 April and 26 November 1996. The aim of the briefing sessions was to inform permanent representatives and non-governmental organizations about various topics in the area of trade and environment. The briefing sessions also made possible an open and frank exchange of views. They gave participants the opportunity to provide some input into the work and planned activities of the UNEP Environment and Trade Unit. Two informal afternoon briefing sessions were held on the trade and environment interface: multilateral environmental agreements and WTO, and further topics of briefing sessions included UNEP activities in conjunction with the financial services sector and issues related to biosafety. A paper on trade-related environmental measures in the field of safety in biotechnology was also prepared and distributed, and will form the subject of another informal briefing session. In addition, the Committee of Permanent Representatives, at its fifty-sixth meeting on 16 July 1996, was brought up to date on UNEP activities on trade and the environment.

10. UNEP convened, in collaboration with the World Conservation Union (IUCN), a workshop on the complementarity between trade and forest policy. The workshop was held at Geneva on 27 August 1996 and addressed issues related to trade-distorting policies, market access, the illegal timber trade, and the certification and labelling of timber products. The aim of the workshop was to provide some background on the above issues and to discuss possible policy options. A report of the workshop has been produced.